New Commerzbank survey: Acceptance of the renminbi amongst German-speaking corporate customers in the D-A-CH region is developing continuously

- Rising interest: approx. 1/3 of the surveyed companies use renminbi when conducting business in China
- Invoicing in renminbi for Chinese related business has tangible benefits, yet advisory service is needed during the phase of implementing renminbi in internal processes
- For the first time companies expressed a lack of confidence in the sustainability of the renminbi

As a result of the liberalisation of Chinese financial markets in recent years, the renminbi is also gaining in significance in Europe. Despite lesser GDP growth, considerable currency fluctuations and tighter regulation with regards to capital outflows, acceptance of the renminbi has risen significantly with German speaking corporate clients over the past two years. In cooperation with the market research institute FORSA, Commerzbank conducted its third renminbi survey amongst 2,400 small- and medium-sized corporate clients with business exposure to China within the D-A-CH region.

The new survey confirms expectations from the previous ones, yet also reveals some surprises: nearly one third of the participating clients (31 percent) have already converted their invoicing to renminbi when conducting trade with China. This figure is up from 17 percent in 2016. A further 5 percent of clients are planning to convert their invoicing process within the next 12 month. Corporate customers mention four measurable advantages from invoicing in renminbi: 1) possible advantages in price negotiations (62 percent), 2) hedging of the exchange rate risk (60 percent), 3) request of the Chinese trading partner (37 percent), as well as 4) advantages in tapping the Chinese market (35 percent). Interest in hedging against the foreign exchange risk has climbed considerably since the last survey (47 percent in 2016).

Nearly two thirds (64 per cent) of the surveyed companies have already used advice on the topics of Asia to adjust their existing business setups to latest changes in the regulatory and financial landscape.

Frequently mentioned barriers to accept renminbi in international trade are “current use of EUR/USD in established procedure” with 59 percent and the “preference of EUR or USD by the Chinese trading partner” with 41 percent. For the first time 13 per cent of the companies mentioned of a ‘lack of confidence in the
The renminbi is increasingly developing into a normal foreign currency for corporate clients,” says Michael Rugilo, Asia expert at Commerzbank. “However, its implementation into the business setup of our clients is complex as there is no ‘one size fits all’ solution. Procurement departments as well as treasury and accounting departments need to be involved during the implementation phase.”

Barbara Herbert, renminbi expert at Commerzbank, adds: “Despite the one-time setup requirements, companies frequently recognise the tangible benefits of using renminbi in trade. What we learn from client conversations is that the SME sector expects the Chinese regulation to return to the liberalisation path that we have seen in the past.”

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About Commerzbank
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